DEPARTMENT OF REVENUE

NEAR FINAL DRAFT 11/13/26

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2024 KS, Shareholder's Share of Income, Credits and Modifications

S corporation: *Complete and provide Schedule KS to each nonresident shareholder and Minnesota shareholder who has adjustments to income or credits, or all shareholders if the S corporation is electing PTE tax.*

Tax year beginning (MM/DD/YYYY) ___/___/___ and ending (MM/DD/YYYY) ___/___/___ **Amended KS:** ☐

Shareholder's Federal ID or Social Security Number	S Corporation's Federal ID Number	S Corporation's Minnesota Tax ID
Shareholder's Name	**S Corporation's Name**	
Mailing Address	**Mailing Address**	
City **State** **ZIP Code**	**City** **State** **ZIP Code**	

Entity of Shareholder ***(place an X in one box):*** ☐ **Individual** ☐ **Trust** ☐ **Estate** ☐ **Exempt Organization**

Shareholder's percentage of stock ownership for tax year: _____

Calculate lines 1–38 the same for all resident and nonresident shareholders. Calculate lines 39-53 for all nonresident shareholder's, and resident shareholders if the s-corporation elected PTE tax. Round amounts to the nearest whole dollar.

Form M1 filers, include on:

Modifications to Federal Taxable Income

1	Interest income from non-Minnesota state and municipal bonds . . . . . **1** ■		M1M, line 1
2	State taxes deducted in arriving at s corporation's net income . . . . . **2** ■		M1MB, line 2
3	Expenses deducted that are attributable to income not taxed by Minnesota (other than interest or mutual fund dividends from U.S. bonds) . . . . . **3** ■		M1M, line 3
4	100% of shareholder's pro rata share of federal bonus depreciation . . . . . **4** ■		M1MB, see line 1 inst.
5	Foreign-derived intangible income (FDII) deduction . . . . . **5** ■		M1MB, line 3
6	Addition due to federal changes not adopted by Minnesota . . . . . **6** ■ *(Schedule KSNC, line 17)*		
7a	Shareholder's pro rata gross profit from installment sales of pass-through businesses *(see instructions)*. . . . . **7a** ■		M1AR, line 1
7b	Shareholder's pro rata installment sale income from pass-through businesses *(see instructions)*. . . . . **7b** ■		M1AR, line 3
8	This line intentionally left blank . . . . . **8** ■		
9	This line intentionally left blank . . . . . **9** ■		
10	This line intentionally left blank . . . . . **10** ■		
11	This line intentionally left blank . . . . . **11** ■		
12	This line intentionally left blank . . . . . **12** ■		
13	This line intentionally left blank . . . . . **13** ■		
14	Interest from U.S. government bond obligations, minus any expenses deducted on the federal return that are attributable to this income . . . . . **14** ■		M1M, line 14

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Shareholder's Name

Shareholder's Federal ID or Social Security Number

S Corporation's Name

S Corporation's Federal ID Number

S Corporation's Minnesota ID Number

15	Deferred foreign income/Employee Retention Credit . . . . . **15** ■		M1MB, line 17
16	Disallowed section 280E expenses of a licensed cannabis or hemp business . . . . . **16** ■		M1MB, line 16
17	Delayed business interest . . . . . **17** ■		*(see schedule KS inst.}*
18	State income tax refund included in income (see instructions) . . . . . **18** ■		M1, line 6
19	Subtraction due to federal changes not adopted by Minnesota . . . . . **19** ■ *(Schedule KSNC, line 17, as a positive number)*		
20	This line intentionally left blank . . . . . **20** ■		
21	Shareholder's pro rata share of a net gain relating to dispositions of Class 2a property . . . . . **21** ■		Schedule NIIT, line 2
22	Shareholder's pro rata share of deductions and modifications relating to line 21 . . . . . **22** ■		Schedule NIIT, line 7
23	State Housing Tax Credit . . . . . **23** ■		M1C, line 15

Enter the credit certificate number from Minnesota Housing: SHTC _____ _____

24	Short Line Railroad Infrastructure Modernization Credit . . . . . **24** ■		M1C, line 14
25	Credit for Sales of Manufactured Home Parks to Cooperatives . . . . . **25** ■		M1C, line 13
26	Credit for increasing research activities . . . . . **26** ■		M1C, line 16
27	Film Production Tax Credit . . . . . **27** ■		M1C, line 11

Enter the credit certificate number: TAXC - _____

28	Tax Credit for Owners of Agricultural Assets . . . . . **28** ■		M1C, line 12

Enter the certificate number from the certificate received from the Rural Finance Authority:

AO _____ _____

29	Credit for Sustainable Aviation Fuel . . . . . **29** ■		M1REF, line 12

Enter certificate number from the Department of Agriculture: _____

30	Credit for historic structure rehabilitation . . . . . **30** ■		M1REF, line 7

Enter National Park Service (NPS) number: _____

31	Employer Transit Pass Credit . . . . . **31** ■		M1C, line 5

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Shareholder's Name

Shareholder's Federal ID or Social Security Number

S Corporation's Name

S Corporation's Federal ID Number

S Corporation's Minnesota ID Number

32 Enterprise Zone Credit . . . . . **32** ■		M1REF, line 8
33 Pass-Through Entity Tax Credit. If the pass-through entity tax satisfies the shareholder's filing requirement, check this box ☐ . . . . . **33** ■		*(see instructions)*
34 Minnesota backup withholding . . . . . **34** ■		M1W, line 7, col C
Relating to Alternative Minimum Tax		
35 Intangible drilling costs . . . . . **35** ■		Lines 35-38 are used to compute M1MT, lines 6 and 7. See M1MT instructions for details.
36 Gross income from oil, gas and geothermal properties . . . . . **36** ■		
37 Deductions allocable to oil, gas and geothermal properties . . . . . **37** ■		
38 Depletion . . . . . **38** ■		
Minnesota Portion of Amounts From Federal Schedule K-1 (1120S)		
39 Minnesota source gross income . . . . . **39** ■		info only *(see inst.)*
40 Ordinary Minnesota source income (loss) from trade or business activities . . . . . **40** ■		M1NR, line 6, col B
41 Income (loss) from Minnesota rental real estate and other Minnesota rental activities . . . . . **41** ■		M1NR, line 6, col B
42 Interest income . . . . . **42** ■		M1NR, line 2, col B
43 Ordinary dividends . . . . . **43** ■		M1NR, line 2, col B
44 Royalties . . . . . **44** ■		M1NR, line 6, col B
45 Net Minnesota short-term capital gain (loss) . . . . . **45** ■		M1NR, line 4, col B
46 Net Minnesota long-term capital gain (loss) . . . . . **46** ■		M1NR, line 4, col B
47 Section 1231 Minnesota net gain (loss) . . . . . **47** ■		M1NR, line 4 or 8, col B
48 Other Minnesota income (loss). *(Describe type of income or include separate sheet: _____)* . . . . . **48** ■		M1NR, line 8, col B
49 Section 179 expense deduction apportionable to Minnesota . . . . . **49** ■		M1NR inst, line 6, col B
50 S corporation's Minnesota apportionment factor *(line 5, column C of M8A)* . . . . . **50** ■		*information only*
Composite Income Tax or Nonresident Withholding		
51 Minnesota source distributive income *(see instructions)* . . . . . **51** ■		see schedule KS inst.
52 Minnesota composite income tax paid by S corporation. If the shareholder elected composite income tax, mark an X in this box: ☐ . . . . . **52** ■		composite income tax
53 Minnesota income tax withheld for nonresident shareholder not electing to file composite income tax. If the shareholder completed and signed a Form AWC, mark an X in this box: ☐ . . . . . **53** ■		M1W, line 7, col C

S corporations: Include this schedule and copies of federal Schedules K and K-1 when you file your Form M8.
Shareholders: Include this schedule when you file your Minnesota Form M1.

2024 Schedule KS Instructions

Shareholder's use of information provided on Schedule KS

Purpose of Schedule KS

Schedule KS is a supplemental schedule provided by the S corporation to its shareholders. The shareholders need this information to complete:

- Form M1, *Minnesota Individual Income Tax Return*
- Form M2, *Minnesota Income Tax Return for Estates and Trust*s
- Form M2SB, *Minnesota Income Tax Computation for S Portion of ESBT*

An individual shareholder who is a Minnesota resident will be taxed by Minnesota on all of his or her distributive income from the S corporation even if the income is apportioned between Minnesota and other states. An estate, trust, and individual nonresident shareholder will be taxed on the Minnesota distributive income from the S corporation.

These instructions are intended to help you report your share of the S corporation's income, credits and modifications on your Minnesota return.

You must include Schedule KS when you file your Form M1 and Form M2. If you do not include the schedule with your return as required, the department will disallow any credits and assess the tax or reduce your refund.

If you received an amended Schedule KS from the S corporation and your income or deductions have changed, you must file an amended Minnesota return. To amend your return, use Form M1X, *Amended Minnesota Income Tax Return* or Form M2X, *Amended Income Tax Return for Estates and Trusts.*

Line Instructions

Include amounts on the appropriate lines as shown on Schedule KS.

Line 1 – Non-Minnesota State and Municipal Bond Interest

Individuals: Include on line 1 of Schedule M1M.

Estates and Trusts: Include on line 43 of Form M2.

Electing Small Business Trusts: Include on line 12 of Form M2SB

Line 2 – State Taxes Deducted

Individuals: Include on line 2 of Schedule M1MB.

Estates and Trusts: Include on line 44 of Form M2.

Electing Small Business Trusts: Include on line 13 of Form M2SB.

Line 3 – Expenses Deducted Attributed to Income Not Taxed by Minnesota

Individuals: Include On line 3 of Schedule M1M.

Estates and Trusts: Include on line 45 of Form M2.

Electing Small Business Trusts: Include on line 14 of Form M2SB.

Line 4 – Federal Bonus Depreciation

Individuals: See Schedule M1MB line 1 instructions, to determine how to report this amount.

Estates and Trusts: Include this amount on step 2 for the worksheet to determine Line 47 of the Form M2.

Electing Small Business Trusts: Include on line 16 of Form M2SB.

Line 5 – Foreign Derived Intangible Income (FDII) Deduction

Individuals: Include on line 3 of Schedule M1MB.

Estates and Trusts: Include on line 51 of Form M2.

Electing Small Business Trusts: Include on line 20 of Form M2SB.

Line 6 – Addition Due to Federal Changes Not Adopted by Minnesota

Individuals: Not applicable.

Estates and Trusts: Not applicable.

Electing Small Business Trusts: Not applicable.

Lines 7a, and 7b – Accelerated Installment Sale Gains

Nonresident Individuals: If any information is reported to you on line 7a of Schedule KS, file Form M1AR, Accelerated Recognition of Installment Sale Gains, with your Minnesota individual income tax return.

Continued

2024 Schedule KS Instructions (Continued)

Resident Individuals: If any information is reported to you on line 7 of Schedule KS, retain a copy of this schedule for your records for the entire period that you or an entity, you have an interest in, is receiving installment sale payments. If you become a nonresident in a future year while payments are being made, you are required to file Form M1AR, Accelerated Recognition of Installment Sale Gains, with your final resident tax return.

Estates and Trusts: Pass through pro rata to your beneficiaries.

Electing Small Business Trusts: This line does not apply.

Lines 8 through 13
These lines are intentionally left blank.

Line 14 – Interest on U.S. Government Bond Obligations
Individuals: Include on line 14 of Schedule M1M.

Estates and Trusts: Include on line 58 of Form M2.

Electing Small Business Trusts: Include on line 28 of Form M2SB.

Line 15 – Deferred Foreign Income/Employee Retention Credit
Individuals: Include on line 17 of Schedule M1MB.

Estates and Trusts: Include on line 64 of Form M2.

Electing Small Business Trusts: Include on line 34 of Form M2SB.

Line 16 – Disallowed Section 280E Expenses of a Licensed Cannabis or Hemp Business
Individuals: Include on line 16 of Schedule M1MB.

Estates and Trusts: Include on line 65 of Form M2.

Electing Small Business Trusts: Include on line 35 of Form M2SB.

Line 17 - Delayed Business Interest
Individuals: This line does not apply.

Estates and Trusts: This line does not apply.

Electing Small Business Trusts: This line does not apply.

Line 18 – State income tax refund included in income
Individuals: Include on line 6 of Form M1.

Estates and Trusts: Include on line 59 of Form M2.

Electing Small Business Trusts: Include on line 29 of Form M2SB.

Line 19 – Subtraction Due to Federal Changes Not Adopted by Minnesota
Individuals: Not applicable.

Estates and Trusts: Not applicable.

Electing Small Business Trusts: Not applicable.

Line 20
This line is intentionally left blank.

Lines 21 and 22 – Adjustments to Net Investment Income
Individuals, estates and trusts with investment income in excess of $1 million may need to pay a Minnesota net investment income tax. The net gain on the sale of Class 2a property and related expenses are excluded from the calculation of Minnesota net investment income subject to the Minnesota net investment income tax. Use Schedule NIIT, Net Investment Income Tax, to determine if you are required to pay the tax on your Form M1 or Form M2 return.

Line 23 – State Housing Tax Credit
Individuals: Include on line 15 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 19 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 24 – Short Line Railroad Infrastructure Modernization Credit
Individuals: Include on line 14 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 20 of Form M2. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Continued

2024 Schedule KS Instructions (Continued)

Line 25 – Credit for Sales of Manufactured Home Parks to Cooperatives

Individuals: Include on line 13 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 21 of Form M2. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 26 – Credit for Increasing Research Activities

Individuals: Include on line 16 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 22 of Form M2. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 27 – Film Production Tax Credit

Individuals: Include on line 11 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 17 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 28 – Tax Credit for Owners of Agricultural Assets

Individuals: Include on line 12 of Schedule M1C and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 18 of Form M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 29 - Credit for Sustainable Aviation Fuel

Individuals: Include on line 12 of Schedule M1REF and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 31 of Schedule M2 and enter the certificate number in the space provided. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 30 – Credit for Historic Structure Rehabilitation

I*ndividuals:* Include on line 7 of Schedule M1REF and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 30 of Form M2 and enter the NPS project number in the space provided. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 31 – Employer Transit Pass Credit

Of the credit amount from Schedule ETP, any amount not claimed on line 7 of Form M8 may be passed through to shareholders based on their distributive share.

Individuals: Include on line 5 of Schedule M1C. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 23 of Form M2. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 32 – Enterprise Zone Credit

Individuals: Include on line 8 of Schedule M1REF. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 32 of Form M2. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Line 33 – Pass-Through Entity Tax Credit

Individuals: Include on line 10 of Schedule M1REF. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Include on line 27 of Form M2. To claim this credit, you must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Nonresidents: If your only Minnesota source income is from entities making a PTE tax election, or entities in which you elected composite income tax, you do not need to file Form M1.

2024 Schedule KS Instructions (Continued)

Line 34 – Minnesota Backup Withholding

Individuals: Include on line 7, column C of Schedule M1W. To claim this credit, you must include this schedule with Form M1.

Estates and Trusts: Pass through pro rata to your beneficiaries. You must include this schedule with Form M2.

Electing Small Business Trusts: This line does not apply.

Lines 35 – 38 Items Relating to Alternative Minimum Tax

Individuals: Use the information on lines 35 through 38 to complete Schedule M1MT.

Estates and Trusts: Use the information on lines 35 through 38 to complete Schedule M2MT.

Electing Small Business Trusts: Use the information on lines 35 through 38 to complete Schedule M2MT.

Lines 39 – 50 Minnesota Portion of Federal Amounts

Lines 39-50 apply to estate, trust, and nonresident individual shareholders.

If certain items are not entirely included in your federal income because of passive activity loss limitation, capital loss limitations, section 179 limitations or for other reasons, include only the amounts that you included in your federal adjusted gross income.

Individuals: Use the information on lines 39 through 50 to complete Schedule M1NR.

Minnesota source gross income is used to determine if a nonresident is required to file a Minnesota individual income tax return. Gross income is income before business or rental deductions and does not include losses.

If your 2024 Minnesota source gross income is $14,575 or more and you did not elect composite tax filing or elected to have the PTE tax filing to fulfill your filing requirement, you are required to file Form M1 and Schedule M1NR, Nonresident/Part-Year Residents.

If your 2024 Minnesota source gross income is less than $14,575 and you had Minnesota tax withheld (see line 34 and line 53 of Schedule KS), file Form M1 to receive a refund.

Estates and Trusts: Use the information on lines 39 through 50 to complete Schedule M2NM.

Line 43 – Ordinary Dividends

Individuals: If you are a nonresident or part-year resident, include the amount on line 2, column B of Schedule M1NR.

Estates and Trusts: Use this information to complete Schedule M2NM.

Line 51 – Minnesota Source Distributive Income

Although Minnesota source gross income (line 39 of Schedule KS) determines whether you must file a Minnesota return, your Minnesota source distributive income is ultimately taxed.

Line 52 – Minnesota Composite Income Tax

Individuals: If you elected composite income tax filing, the amount paid on your behalf equals 9.85% of your Minnesota source distributive income on line 51, minus your share of any credits on lines 23-25, 27-32, and 34. You are not required to file Form M1.

Estates and Trusts: This line does not apply.

Line 53 – Minnesota Nonresident Withholding

Individuals: Include the amount from line 53 on Schedule M1W, line 7, column C. Also include the amount from line 53 on Schedule M1W, line 7, column B.

Estates and Trusts: This line does not apply.